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F.C.I. News Letter

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FCIC ISSUES 7,000 POLICIES

DURING WEEK ENDING DEC. 16

This week's report from the three branch offices of the Corporation show very favorable progress with respect to actual issuance of crop insurance policies. During the week ending December 16, 7,160 policies were issued, 5,992 of which were written by the Kansas City Branch Office, 613 by Minneapolis, and 655 by the Washington Branch. Total policies issued through December 16 was 71,702. A total of 108,029 premium payments have been received, of which Kansas City represents 99,097, Minneapolis, 6,168, and Washington, 2,764. Figures on the wheat reserve as of December 19 reached nearly three and a quarter million bushels.

A further break-down of the above figures shows that Kansas City has issued a total of 65,894 policies; Minneapolis, 4,086; and Washington, 1,822. Wheat in reserve as of December 19 shows Kansas City with approximately 2,850,000 bushels, Minneapolis, 369,000, and Washington, 10,000. The latest figures available indicate that premium notices have been issued in every county of Kansas, Ohio, and Delaware and in 997 counties of other wheat-growing states. The table on page 3 gives a complete picture of progress through December 16.

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NEBRASKA DAILY FEATURES

CROP INSURANCE PROGRESS

Among the articles which have appeared in daily papers and farm papers on crop insurance, is a four-page feature in the Lincoln, Nebr., Star-Journal of November 13, quoting State Supervisor Tom C. Allington, and giving a good picture of the philosophy back of the insurance administered by the FCIC, of Nebraska's participation in the first season's experience and many items of interest in connection with the work that has been done by the Nebraska State and county organizations. This article, including a three-column cut showing a Dodge County, Nebr., cooperator and the county supervisor, occupies total space of 56 column inches.

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COFFEE, SUGAR, INSURANCE!

Price Young, the Gage County Supervisor, sends this new illustration of all-around community cooperation in crop insurance, to the Nebraska State officer:

"A representative, in collecting a premium from a farmer who did not have the money, was told to stop in town at the grocery store and tell the grocer to give him the money and charge it to his grocery account. This he did, and got the money."

TEXAS HAS 358,843 ACRES OF

INSURED WHEAT, REPORT SHOWS

A recent progress report prepared by Texas State Supervisor E. R. Duke shows that 358,843.7 acres of 1939 wheat have been insured by Texas wheat growers through the Federal Crop Insurance Corporation. Nearly 6,000 applications were written in Texas this year, Mr. Duke's report shows, over 61 percent of which matured into policies.

Supplementing the Texas progress report is a tabulated summary by counties of the reasons why growers failed to take out insurance. Five hundred and thirty-six growers representing 38 counties gave "unable to finance" as the reason for not insuring their wheat crops; 370 growers representing 33 counties thought the cost was too high; 184 in 24 counties thought the coverage too low, and 307 in 14 counties decided they did not want insurance but gave no reason. Prospect of a good crop was given as the reason for not insuring by 106 growers in 12 counties.

With regard to the two main reasons for not insuring -- inability to finance, and cost too high -- there is wide variation in different parts of the State. For example, in Moore County near the northwest corner of the Panhandle, 105 growers said they were unable to finance whereas only 9 said the cost was too high. In Haskell County, nearer the middle of Texas, only one grower said he was unable to finance as against 75 who said the cost was too high.

Counties with the largest acreages insured are Floyd with 39,599; Carson, 33,043; Foard, 21,747; Ochiltree, 19,487; and Briscoe with 18,256.

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COLLECTION CONTACTS CLEARED

UP SERIOUS MISUNDERSTANDING

"The personal contact plan of collecting crop insurance premiums, where they had gone by the 10-day period, proved very successful in this county as it seemed there was a lot of misunderstanding due to false information spread in different communities. After this was clearly understood, many paid their premiums who had not intended to do so. Arrangements for assignments were made for several who were not able otherwise to secure funds to pay their premiums, also a lack of understanding as to how premiums were computed as well as yields were explained which changed the minds of several applicants.

"All in all we feel that a pretty good job was done as approximately 76 percent of premiums were collected up to and including November 19. We feel very optimistic over this since there were many obstacles to overcome this first year. Many inquiries have come in regarding corn insurance for 1939." -- Reuben E. Hasenyager, Crop Insurance Supervisor, Richardson County, Nebraska.

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WIND BLOWS PREMIUMS UP

John Kennedy, member of the County Committee in Walsh County, N. Dak., observes that the reason for the rather high premiums this year is the wind storms and drought of 1934. In that year Mrs. Mary Nice of Ardoch produced a total of 104 bushels from 95 acres. In 1935 she produced 1,040 bushels from 99 acres. This year Mrs. Nice has 105 acres insured at a cost of 94 bushels and 30 pounds. By so doing she is assured of 677 bushels next year, rain or shine.

COMBINED REPORT OF BRANCH OFFICES

Through Dec. 16, 1938

STATE	Applica- tions Received	Premium Notices Issued	Premiums Received	Premiums Received	Policies Issued	Number of Counties	<u>1/</u>
Percent							
WASHINGTON BR.							
DELAWARE	170	160	70	43.7	65	3	
MARYLAND	1545	1456	721	49.5	528	13	
NEW JERSEY	32						
NEW YORK	802	716	373	52.1	258	16	
PENNSYLVANIA	3504	2883	927	32.1	550	26	
VIRGINIA	1374	1322	672	50.8	420	13	
W. VIRGINIA	2	2	1	50.0	1	2	
TOTAL	7429	6539	2764	42.3	1822	73	
KANSAS CITY BR.							
OHIO	25272	24995	10391	41.6	8506	88	
INDIANA	18010	17706	10896	61.5	6888	89	
ILLINOIS	21874	21525	11983	55.7	8286	95	
MICHIGAN	9725	9514	4972	52.2	2336	40	
IOWA	6801	6652	4621	69.5	2947	56	
MISSOURI	31674	31318	15721	50.2	10938	112	
NEBRASKA	29102	28527	12603	44.2	8637	78	
KANSAS	26701	26182	14458	55.2	9875	105	
OKLAHOMA	13265	13139	8376	63.7	5017	51	
TEXAS	6049	5916	3677	64.3	1914	70	
IDAHO (SOUTH)	698	653	136	20.8	37	17	
WYOMING	713	664	198	29.8	92	9	
COLORADO	4057	3937	670	17.0	256	29	
NEW MEXICO	408	402	102	25.4	76	5	
UTAH	688	559	249	44.5	88	12	
CALIFORNIA	136	82	39	47.6	1	7	
TOTAL	195173	191771	99097	51.7	65894	863	
MINNEAPOLIS BR.							
WISCONSIN	228	223	148	66.4	107	14	
MINNESOTA	9904	8725	2630	30.1	2029	62	
NORTH DAKOTA	15219	11870	843	7.1	371	51	
SOUTH DAKOTA	10225	8123	998	12.3	666	64	
MONTANA	3052	2310	804	34.8	433	37	
IDAHO (NORTH)	1071	979	466	47.6	342	8	
WASHINGTON	703	512	155	30.3	72	12	
OREGON	490	347	124	35.7	66	9	
TOTAL	40894	33089	6168	18.6	4086	257	
WASHINGTON TOTAL	7429	6539	2764	42.3	1822	73	
KANSAS CITY "	195173	191771	99097	51.7	65894	863	
MINNEAPOLIS "	40894	33089	6168	18.6	4086	257	
COMBINED TOTAL	243496	231399	108029	46.7	71702	1193	

1/ Counties to which premium notices have been issued.

WHAT IS INSURANCE ?

In order that News Letter may more completely fill the purposes for which it was originally designed, subsequent issues will contain material that will provide background information that should give supervisors and others connected with the program a better understanding of the history, philosophy, and economics of crop insurance. This will require a review of the development of insurance from early times; how the principle of insurance became more and more widely applied to businesses other than marine; the development of life and accident insurance, and finally the application of insurance principles to growing crops.

The following historical sketch shows how the first insurance, of which we have a record, involved speculation with the weather. Starting from this point we shall follow the cycle through, since the growing of crops is also largely a speculation with the whims of the weather.

Origin of Insurance Principles

Insurance principles have been developed from the customs of merchants in the shipping business of the Middle Ages. For centuries marine insurance was the only type known and it is only within comparatively recent years that insurance principles have been applied to risks other than those of the sea. As late as 1796 men who talked about insurance were assumed to mean marine insurance. By the beginning of the nineteenth century, however, the general principles upon which the contract of insurance rests were pretty well settled. Development since that time has been little more than the application of these principles to new conditions. Crop insurance is the latest adaptation of the insurance principle.

Of the laws and customs of the Middle Ages the most ancient, perhaps, is the Consolato del Mare, a code which was in force at least as early as the eleventh century, and for many years thereafter was accepted as law by all of Southern Europe. It contains no reference to insurance as we know it, but does show that a kind of mutual insurance was then in use. The Ordinance of Marine of Louis XIV was published in 1691. The part of this Ordinance which relates to insurance is the basis of the present French law upon the subject and is embodied in the Napoleonic Code.

There is some conflict as to whether the contract of insurance was known to the Romans but the record amply supports the belief that it was in common use. Well known and in extensive use at this early period was a system of loaning money on vessels and cargo to be repaid only in the event of its safe arrival. History shows that the Roman government, for the purpose of encouraging merchants who had contracted to supply the army abroad with provisions, agreed to bear all losses that might happen to the cargoes during the voyage from perils of the sea or hostile capture. The Emperor Claudius, foreseeing scarcity in Rome, offered similar immunity to those who would bring provisions to the city. This was neither more nor less than insurance by the government, the consideration or premium therefor being the public benefit accruing therefrom.

It was during the Middle Ages, in connection with the rise of commerce, that insurance principles such as we know them today were developed, if not invented, by the merchants of northern Italy. History suggests that insurance was brought into Italy by the Jews after their expulsion from France in 1182. The common name of the insurance contract "policy" is derived from the Italian word "polizza" meaning a memorandum in writing. It is practically certain that marine insurance was brought to England by the Italian merchants who established themselves in Lombard street. For many years it was known merely as a custom among merchants. By 1548 it had become so common that Lord Bacon, in opening Queen Elizabeth's first parliament said: "Doth not the wise merchant, in every adventure of danger, give part to have the rest insured?" Four hundred years later, can we say: "Doth not the wise farmer, in his adventurous undertaking, give part to have the rest insured?"

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DAKOTANS OFFERED CREDIT

BY INDEPENDENT ELEVATORS Some independent elevators in North Dakota have asserted their willingness to extend credit to farmers who are unable to pay their crop insurance premium. This, J. H. Fraser, manager of the Minneapolis office says, offers similar opportunities for growers in other states where elevators might be the source of raising money or wheat to pay premiums.

Concerning elevators as a source of credit in North Dakota, W. P. MacDonald, assistant state crop insurance supervisor, says:

"Recently we have had encouraging news from a few independent elevators who are reasoning that as long as they intend to carry their customers on a credit basis for gasoline, fuel, and seed, they feel it will be well to protect their investment by loaning these customers additional funds to pay premiums.

"We intend to carry this point further by contacting the elevator man in all cases possible. Also in some instances the local banks are making loans to good moral risks but in view of the fact that these institutions cannot take crop mortgages such loans will not be extensive."

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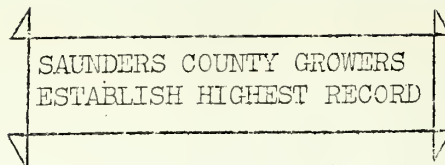
SPRING WHEAT FARMS

AVERAGE 721 BUSHELS The average insured production per policy in the spring wheat area as of December 1 was 721 bushels at a cost of an average of 64 bushels, said J. H. Fraser, manager of the Minneapolis Branch Office. The average acreage insured under each policy was 70 acres. These figures, he explained, were on the basis of 2,970 policies issued December 1 covering 211,577.2 acres and an insured total production of 2,143,334 bushels.

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NORTH DAKOTA MEETINGS

Crop Insurance was discussed at 10 meetings in North Dakota last week, arranged by the Agricultural Conservation Program. All newly elected county committeemen attended the sessions. Crop insurance was discussed at six of the meetings by W. P. MacDonald, assistant state supervisor, and by Mr. Douglas, assistant state executive officer, at the other four.



More crop insurance policies have been written and more premiums have been paid by wheat growers in Saunders County, Nebr., to date than in any other county in the United States. This record number of applications was obtained at the lowest county cost, an average of only \$1.82 each, as compared with other leading counties which ranged from \$2.55 to \$4.31 each.

This was accomplished in spite of Saunders County's unusually varying soil types with resulting variation in farming systems, yields per acre on neighboring farms, and a most difficult problem -- determining satisfactorily adjusted average yields for crop insurance applications under such conditions. Another retarding factor encountered by the County Agricultural Conservation Committee and County Supervisor Roy E. Owen in their crop insurance work last summer was the widely separated types of nationalities within the county: Bohemian, Swedish, and German. The record established by Saunders County is not less remarkable by the fact that, as in surrounding areas, drought damage to other crops had caused an abnormal increase in the number of wheat-producing farms. In 1934 wheat was harvested on 1,830 farms of the county. In 1938, 1,851 insurance applications were written but the number of farms growing wheat was a thousand more than in 1934. Consequently, reductions in wheat allotments were correspondingly heavy.

To meet these complexities County Supervisor Owen with President Ira D. Wolf and Secretary George Newsham of the County Committee adopted a straightforward plan wherein technical details were given minor consideration. At every opportunity emphasis was placed upon the fairness of the crop insurance plan, the honesty of its purpose, and the soundness of the farm program of which crop insurance is a part. A line of reasoning was used that caused growers to envision in the crop insurance plan a stabilized income from their farms and ultimate independence. Farmers of different nationalities were contacted by other farmers of the same nationality, ways of thinking, and vernacular. Crop insurance, it was explained, should be likened to a new and complex farm machine; there are bound to be a few "stiff joints" and "squeaks" at first but with proper attention to these things it is soon running smoothly and doing its job for whose use it was designed.

The campaign had the whole-hearted support of the local newspapers in that they liberally gave space to copy regularly furnished them.

Saunders County with nearly 1,000 all-risk wheat crop insurance policyholders does not show as high a ratio of policies to applications as do several other good counties such as Butler, Cass, Platte, Richardson, and Washington, with percentages ranging from 64 to 74. In this connection Supervisor Owens and County Chairman Wolf agree that time rather than the attitude of prospective applicants was the limiting factor. So intent were Messrs. Wolf and Owen on selling the whole conservation program to as many prospective crop insurers as possible that the final date for receiving premium payments arrived before all applicants could be contacted on premium collections. Although more collections probably could have been made had a concentrated effort been made on this phase of the work they feel that the time spent in selling the entire program was well worthwhile. This is evidenced by the fact that an examination of 140 premium payments made at the county office in Wahoo, during the 5 days previous to Mr. Owens' two assistants going into the field,

showed that 136 of the growers making these payments were complying with the County Agricultural Conservation Program. Of these 136 growers, 125 could have paid their premiums for insurance on larger acreages, but instead chose to amend their applications to bring them in line with the entire farm program.

Contributing in no small degree to the achievement of the fine record set by Saunders County was the gratifying and significant cooperation of the county's banks. Led by the example of Emil Placek, head of the First National Bank of Wahoo, informed by a series of letters to bankers of the State by State Supervisor Tom Allington, and encouraged by the confidence of the farmers in the local men in charge of the program, every bank in the county went on record as desiring to extend credit to growers with which to pay premiums for insurance on their 1939 harvests. Mr. Placek, whose experience since 1934 with corn loans and in the current year with wheat loans, is convinced that this financing service not only is a sound business proposition, but a distinct benefit to the community. As a convenience to insuring growers, he even kept a man at the bank both before and after regular banking hours giving over-the-counter service to those who wished to borrow on assignments of their insurance policy or other comparable security.

Saunders County, incidentally, was named for Nebraska's war-time territorial governor, Alvin Saunders, a Kentuckian by birth and a pioneer by inheritance. It is said that the last official act of President Lincoln on the day of his assassination was to sign Governor Saunders' appointment for a second term.

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A "STRAW" IN THE MOVEMENT

FOR COTTON CROP INSURANCE

"Practically every item of the agricultural program which has been advocated since the Roosevelt Administration began six years ago has been under fire at one time or another. A casual memory recalls none which has not been subject to severe criticism by competent critics who spoke with conviction of unquestioned sincerity.

"But one proposal which is ideal in purpose and which should be subject to a minimum of attack, so far as its purpose is concerned, is that crop insurance be made available to the nation's 2,500,000 cotton farmers. The plan is that insurance legislation be submitted to the next Congress.

"The logic of insurance cannot be questioned unless we question also such protections as fire and life insurance. It should be entirely practicable that the cotton farmer could be put in the position where crop failure would not mean economic disaster.

"Such protection probably would do as much to stabilize the nation's economic life as anything possible, because as long as the farmer retains at least a measure of his buying power, there would be no complete paralysis of business." -- Editorial from the Lubbock, Tex., Avalanche, October 26, 1938

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Crop insurance workers in North Dakota are urging banks and service clubs of that State to take steps toward providing credit to farmers so they can protect their 1939 yields with all-risk crop insurance.

KANSAS CITY SUPPLEMENT

Publications on File

The office of the Editor at Kansas City now is receiving about 20 farm, grain trade, and farm organization publications, representing the following states: Arizona, Arkansas, California, Colorado, Idaho, Illinois, Iowa, Indiana, Kansas, Missouri, Nebraska, Ohio, Oklahoma, Texas, and Washington, D.C. Some of these publications are regional or national in scope, but are credited in the above listing to the states in which they are published.

A clipping from the Enterprise of Malad, Idaho, tells of the marriage of Maurice J. Jones, who is crop insurance supervisor for Oneida County. Before her marriage the bride was Miss Othel Bateman of Logan, Idaho.

Sylvia Terbovich of the Stenographic Pool has been formally transferred to the Editorial Unit. This unit has just been assigned Room 219 for an office.

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